

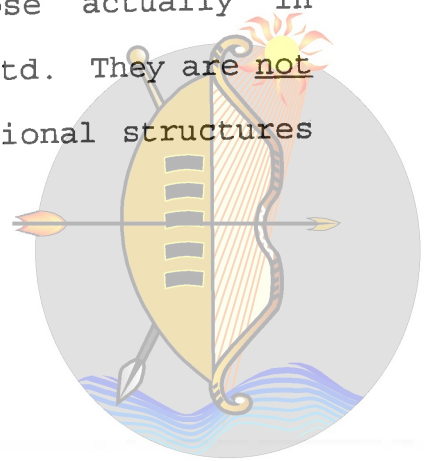
PARPIL PRODUCTS

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Supplementary Information

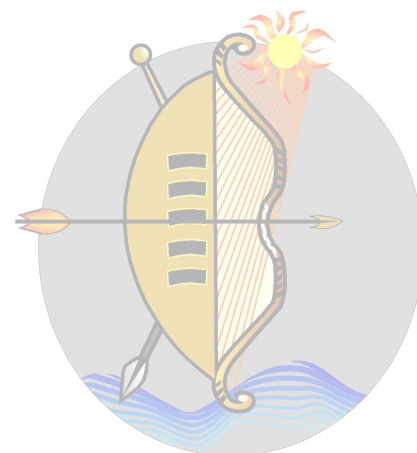
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**Please note:** The management, organisation and procedures detailed on the following pages are those actually in existence in Parpil Products (Pty) Ltd. They are not intended to depict model organisational structures and systems.



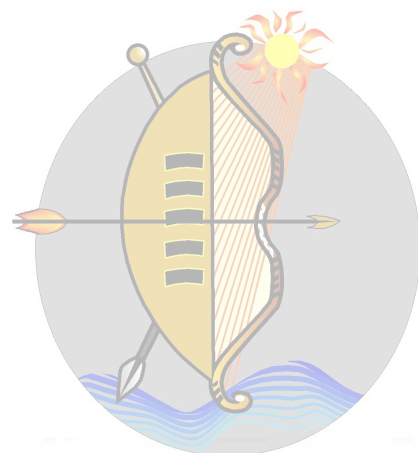
**PARPIL PRODUCTS (PROPRIETARY) LIMITED**  
**INCOME STATEMENTS**

	Unaudited Current	Actual (audited)		
		Year 3	Year 2	Year 1
Sales	13 000 000	7 500 000	3 060 000	1 250 000
Cost of Sales	7 550 000	4 100 000	1 540 000	650 000
Raw materials (incl. packaging)	2 650 000	1 600 000	630 000	270 000
Salaries and wages	1 980 000	1 225 000	460 000	180 000
Other production costs (rent, overheads, depn, etc.)	2 920 000	1 275 000	450 000	200 000
Gross profit	5 450 000	3 400 000	1 520 000	600 000
Expenses	4 334 000	2 398 000	1 085 000	556 000
Administration				
Rent - office (Current year : less recovered from production and tenant)	-420 000	6 000	4 000	3 000
Telephones, fax etc.	110 000	60 000	25 000	10 000
Motor vehicle expenses (incl. depn)	140 000	75 000	40 000	18 000
Lease charges	175 000	20 000	5 000	0
Salaries and wages	450 000	275 000	156 000	45 000
Other	160 000	95 000	40 000	15 000
Sales/Marketing				
Advertising and marketing	700 000	370 000	115 000	45 000
Entertainment expenses	190 000	65 000	15 000	3 000
Lease charges (motor vehicle)	135 000	0	0	0
Motor vehicle expenses (incl. depn)	390 000	210 000	85 000	35 000
Salaries and wages	814 000	510 000	230 000	150 000
Travelling expenses	160 000	70 000	16 000	2 000
Finance				
Interest				
- bank overdraft	370 000	150 000	36 000	2 000
- purchase of property	360 000	40 000	0	0
- shareholders' loans	0	32 000	48 000	48 000
Managing directors' salaries	600 000	420 000	270 000	180 000
Profit before taxation	1 116 000	1 002 000	435 000	44 000
Taxation	- 387 000	- 340 000	- 130 000	- 14 000
Net profit	729 000	662 000	305 000	30 000
Retained profits at beginning of year	997 000	335 000	30 000	0
Retained profits at end of year	1 726 000	997 000	335 000	30 000



**PARPIL PRODUCTS (PROPRIETARY) LIMITED**  
**BALANCE SHEETS**

	Unaudited Current	Year 3	Actual (audited) Year 2	Year 1
<b>CAPITAL EMPLOYED</b>				
Share capital	1 000	1 000	1 000	1 000
Retained profits	1 726 000	997 000	335 000	30 000
Long term liabilities				
Shareholders' loans	0	200 000	300 000	300 000
Secured loan - purchase of property	2 000 000	2 000 000	0	0
	<u>3 727 000</u>	<u>3 198 000</u>	<u>636 000</u>	<u>331 000</u>
	=====	=====	=====	=====
<b>EMPLOYMENT OF CAPITAL</b>				
Fixed assets				
Freehold property	3 000 000	3 000 000	0	0
Plant and equipment	520 000	600 000	325 000	110 000
Motor vehicles, furniture and fittings	440 000	350 000	90 000	60 000
Net current (liabilities)/ assets	- 233 000	- 752 000	221 000	161 000
Current assets				
Stock - raw materials	475 000	275 000	100 000	45 000
- finished goods	1 610 000	860 000	410 000	180 000
Accounts receivable	3 160 000	1 480 000	530 000	220 000
Cash	15 000	20 000	10 000	5 000
	<u>5 260 000</u>	<u>2 635 000</u>	<u>1 050 000</u>	<u>450 000</u>
Current liabilities				
Accounts payable	2 790 000	1 670 000	580 000	250 000
Taxation	727 000	470 000	130 000	14 000
Bank overdraft	1 976 000	1 247 000	119 000	25 000
	<u>5 493 000</u>	<u>3 387 000</u>	<u>829 000</u>	<u>289 000</u>
	<u>3 727 000</u>	<u>3 198 000</u>	<u>636 000</u>	<u>331 000</u>
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PARPIL PRODUCTS (PTY) LTD

ORGANISATIONAL CHART  
(AT BEGINNING OF YEAR 4)

